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January 16, 2014

To: Thomas J. Bonfield, City Manager
From: Steven L. Medlin, AICP, Planning Director 
Re: Analysis and Recommendation
AHAHC Resolution on Affordable Housing in Transit Areas

Summary. On December 19, 2013, the Ad Hoc Affordable Housing Committee (AHAHC) proposed a resolution supporting measures to provide affordable housing in future transit areas. At the request of Mayor Bell, I have reviewed that resolution.

The Planning Department shares the concerns of AHAHC regarding access to affordable housing in future transit areas, and has already begun the process of implementing several of the requested action items. Planning staff believes that minor modifications to the proposed AHAHC resolution are necessary, however, to ensure that the proposed AHAHC resolution's objective can be achieved.

Recommendation. Planning staff is requesting that the Administration support the alternative resolution attached to this memorandum.

Background. AHAHC presented the attached resolution (see Attachment 1) to Council for consideration at their December 19th Work Session. At that meeting, Mayor Bell, on behalf of City Council, requested that the Planning Department review and evaluate the AHAHC resolution. This memorandum provides the results of the requested review.

Please note that the Planning Department has undertaken a housing inventory, is currently leading a project to determine necessary infrastructure needs in future transit areas, is currently reviewing and preparing to recommend changes to affordable housing incentives in the UDO, and has in its long-range work plan to complete a Compact Neighborhood Plan for each of the future rail transit areas. Therefore, many of the efforts called for in the resolution are already underway.

Issues. The requested review has generated the following comments:

1. AHAHC has proposed an objective of 15 percent of all dwelling units in *each* transit area being affordable to households of 60 percent of AMI or less. This objective is consistent with State law that authorized State and local transit funding.

Planning staff finds, however, that it is more appropriate for this objective to be achieved ***cumulatively*** across the eleven (11) proposed light rail transit stations and (possibly) nearby bus hubs, due to economic conditions and lack of residential uses around some transit stations.

2. AHAHC's proposed resolution identifies "adopting amendments to the (Unified Development Ordinance) UDO" and "provid(ing) more effective incentives" as critical to meeting the affordable housing goal and objective.

Planning staff research presented to the Joint City-County Planning Committee (JCCPC) has found that incentives provided through the UDO are very unlikely to be effective without being coupled with more substantial and direct incentives, such as cash contributions, tax credits, and/or rebates of payments to the City (e.g.: impact fees). These findings are buttressed by the fact that the current Affordable Housing Density Bonus (AHDB) incentives in the Durham UDO have never been used in their over-thirteen years of existence.

As such, Planning staff finds that any effective Housing Needs Assessment and Plan (HNAP) requires significant participation by private sector and non-profit partners and by many City Departments other than Planning.

3. AHAHC's proposed resolution recommends creation of a Council-Appointed Committee that would provide oversight of the HNAP. Planning staff finds, based on many years of experience with public projects and public engagement, that a broader citizen engagement effort (rather than one led by an appointed committee) with oversight by the City Manager's office, is preferable.

The Planning Department has drafted, and recommends that the Administration refer to Council, the attached revised resolution, which addresses the AHAHC's concerns regarding providing affordable housing for low-income residents in future transit areas, while recognizing the additional study and resource identification needed to accomplish the goal.

cc: Keith Chadwell, Deputy City Manager
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Aaron Cain, AICP, Planning Supervisor